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AMMG TARGETING 3,000 TPA HIGH PURITY ALUMINA (HPA) PRODUCTION

Highlights

- Launch of Bankable Feasibility Study (BFS) targeting 3,000tpa HPA operation
- Aiming to become a dominant global HPA producer
- Pilot plant test work to be completed at laboratory
- BFS to be completed towards end of Q3 2015
- Subject to funding, in position to place long-lead orders for plant

Australia Minerals and Mining Group Limited (ASX: AKA) (AMMG/the Company) is pleased to announce that it has launched a Bankable Feasibility Study (BFS) based on the development of a 3,000 tonnes per annum (tpa) high purity alumina (HPA) operation.

The target production capacity would position the Company as one of the top three HPA producers in the world. The Global High-purity Alumina market was valued at 19,040tpa in 2014 and is expected to increase to 48,230 tpa by 2018, growing at a CAGR of 27.89 % according to Technavio Research¹.

Managing director Mr Iggy Tan said that the increasing demand for HPA across a growing range of industrial processes and high-performance electronic applications gives the Company confidence there is sufficient demand to support the development of 3,000tpa HPA production capacity. The proposed 3,000tpa HPA production represents less than 10% of the forecast global HPA demand in 2018. This represents an excellent opportunity to come into production during a period of sustained rising HPA demand and market growth.

"The Company's previous work centred on the development of a 700tpa pilot plant as a first step towards the development of a full-scale commercial production facility.

"Following an in-depth technical and commercial review, the Company determined the significant value in proceeding directly to the development of a full-scale HPA production facility with the necessary pilot plant test work assigned to the laboratory.

“The Company is driven by the substantial savings associated with the proposed 3000tpa production facility, which will save capital, reduce shareholder dilution with additional capital raisings and an earlier-than-expected production date may also be achievable”, Mr Tan said.

As part of the BFS the Company has appointed various key contractors and consultants to undertake continuous pilot plant test work as part of the optimisation and de-risking process. The location of the HPA plant is currently being investigated with potential sites requiring verification through corresponding environmental studies and approvals to determine their suitability for commencement of site works.

The Company looks forward to announcing the results of the BFS towards the end of Q3 2015.

Subject to funding, the Company could be in the situation of placing long-lead orders for equipment pertinent to the HPA production facility towards the end of Q3 2015.

Ref 1. Technavio Global High Purity Alumina Market 2014-2018.

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For more information, please contact:

Corporate

Iggy Tan
Managing Director
Australia Minerals & Mining Group Ltd
Tel: +61 8 9389 5557
Email: info@ammg.com.au

Media Contact

Tony Dawe
Consultant
Professional Public Relations
Tel (office): +61 8 9388 0944
Email: tony.dawe@ppr.com.au

About AMMG (ASX: AKA)

AMMG is aiming to become the world's leading supplier of 99.99% (4N) high purity alumina (HPA) (Al₂O₃) which is the major source material for scratch-resistant artificial sapphire glass, used in the next generation of smartphones and portable tablet devices. HPA is also used in the production of LED's, abrasives, ceramics and a growing range of high-performance electronic applications. The global HPA market is approximately 20,000tpa and is expected to double over the coming decade.



Current HPA producers use an expensive and highly processed feedstock material such as aluminum metal to produce HPA quality product. AMMG is one of only two companies in the world that report the ability to produce 4N HPA directly from an ore feedstock, such as aluminous clay. AMMG employs a well-established processing technology to extract HPA from a low-impurity aluminous clay feedstock sourced from the Company's 100%-owned Meckering project in Western Australia.

AMMG has produced test quantities of 4N HPA product and is now advancing a Bankable Feasibility Study (BFS) to develop a full-scale 3,000tpa production facility. AMMG is a chemical processing group focused on creating a high-margin product to meet the growing global demand for the next generation of high-performance electronic applications.

Forward-looking Statements

This announcement contains forward-looking statements which are identified by words such as 'anticipates', 'forecasts', 'may', 'will', 'could', 'believes', 'estimates', 'targets', 'expects', 'plan' or 'intends' and other similar words that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.